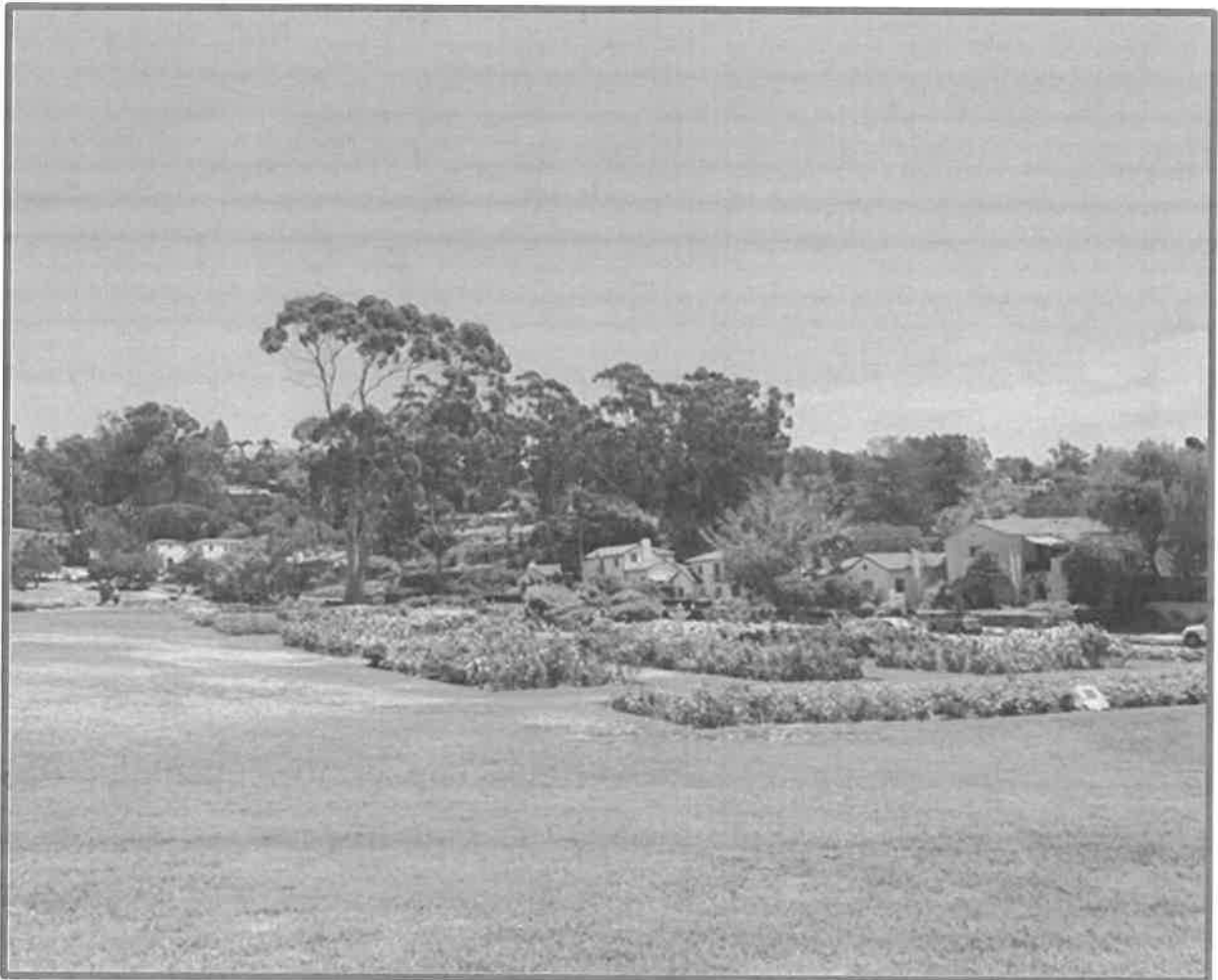


Successor Agency Handbook County of Santa Barbara



July 1, 2018

105 East Anapamu Street Rm. 303 ♦ Santa Barbara CA 93101 ♦ (805)568-2100
SBCOversightBoard.org ♦ SBCOversightBoardStaff@co.Santa-Barbara.ca.us

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Background

In the budget for fiscal year 2011-12, Governor Jerry Brown proposed eliminating the state's RDAs to help address the State's ongoing budget deficit. In June 2011, the Legislature passed, and the Governor signed, two bills in response to his proposal:

1. **ABx1 26** prevented RDAs from engaging in new activities and dissolved the agencies effective October 1, 2011. This legislation also outlined a process for winding down the RDAs' financial affairs, and set forth a mechanism to distribute any net funds from the RDAs to other local taxing agencies.
2. **ABx1 27** would have allowed RDAs to opt-in to an alternative redevelopment program to avoid dissolution. The agencies would have had to agree to transfer annual payments to school and community college districts to continue their functions.

The California Redevelopment Association, the League of California Cities and other parties filed petitions with the California Supreme Court challenging both ABx1 26 and ABx1 27 on constitutional grounds. The Supreme Court imposed a partial stay on the implementation of the two pieces of legislation and reviewed the issues on an expedited basis.

On December 29, 2011, the California Supreme Court upheld the constitutionality of ABx1 26 and struck down ABx1 27 as unconstitutional. It also extended some of the deadlines and dates stipulated in ABx1 26 by four months because of the delay caused by the litigation. As a result of the Supreme Court's decision in *California Redevelopment Association v. Matosantos*, California's approximately 400 RDAs were dissolved on February 1, 2012.

The assets and liabilities (excluding housing assets) of RDAs have now been transferred to Successor Agencies pursuant to ABx1 26. A separate Successor Housing Agency manages the RDA's housing assets.

On September 23, 2015, Governor Brown signed Senate Bill No.1 07 (SB 107), a budget trailer bill that was part of the FY 2015-16 state budget package. The legislation includes regulations to guide the final technical steps in the dissolution of redevelopment agencies. Among others, noteworthy amendments include the following:

- Consolidation into countywide Oversight Boards
- Specification of RDA wind-down activities
- Switch to annual Recognized Obligation Payment Schedule (ROPS)
- Clarification of enforceable obligations
- Clarification of administrative cost allowance
- Address issues related to the administration of Oversight Boards

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Countywide Oversight Board

SB 107 states that by July 1, 2018, all Oversight Boards will be consolidated into one countywide Oversight Board. [Health and Safety Code (HSC) 34179(j)]

The Santa Barbara Countywide Oversight Board (SBCOB) was established on July 1, 2018.

RDAs Wind-Down Activities

The SBCOB will guide the winding-down process of the Successor Agencies, and will cease to exist when all Successor Agencies have been formally dissolved.

SB 107 specifies that RDAs wind-down activities do not include "planning, design, redesign, development, demolition, alteration, construction, construction financing, site remediation, site development or improvement, land clearance, seismic retrofits, and other similar work." The exception to this rule is work pursuant to an enforceable obligation (EO). Successor Agencies may create EOs to conduct wind-down activities, including "hiring staff, acquiring necessary professional administrative services and legal counsel, and procuring insurance." [HSC 34177.3(b)]

Annual ROPS

SB 107 creates the process to switch from a bi-annual to an annual Recognized Obligations Payment Schedule (ROPS), starting on July 1, 2016. Each Successor Agency will submit Oversight Board-approved annual ROPS on February 1st. The ROPS will cover the period beginning on July 1st of the current year and ending on June 30th of the following year. The Department of Finance (DOF) will make its determination regarding the validity of EOs no later than April 15th. A Successor Agency may request additional review within five business days, as well as an opportunity for a meet and confer on any reviewable items of dispute. If a ROPS is not submitted on time, it may result in a meet and confer period of less than 30 days. Further, a \$10,000 civil penalty will be imposed per day for every day the ROPS is not submitted. The DOF will make its final determination at least 15 days before the current period's property tax distribution [HSC 34177(o)(1)]

A Successor Agency may also submit one amendment to the ROPS annually; this amendment must be submitted no later than October 1st. In order to submit, the Oversight Board must make a finding that an amendment is necessary to satisfy payment of an approved EO due during the period of January 1st to June 30th. The DOF will make its final determination at least 15 days before the current period's property tax distribution. [HSC 34177(o)(1)(E)]

Administrative Cost Allowance

SB 107 redefines and clarifies the definition of administrative cost allowance as "the maximum amount of administrative costs that may be paid by a Successor Agency from the Redevelopment Property Tax Trust Fund in a fiscal year." The legislation also provides the following new calculations for administrative costs:

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- Starting on July 1, 2016 administrative costs are capped at three (3%) percent of the property tax allocated for payment of approved EOs during the previous fiscal year, but not less than \$250,000. Administrative costs cannot exceed 50 percent of the total Redevelopment Property Tax Trust Fund (RPTTF) distribution. [HSC 34171(b)]
- Legal expenses must be paid from the administrative cost allowance. The City or County may loan funds to pay legal expenses, but if the agency does not prevail, then the loan is ineligible for repayment.

Countywide Oversight Board Administration

SB 107 addresses administrative aspects of the Countywide Oversight Board, including establishing or specifying the following:

- Resolutions, meeting minutes, meeting agendas, administrative budgets, changes in membership, and certain other administrative documents and actions no longer need to be submitted to the DOF for approval. [HSC 34179(h)]
- Actions to implement real property disposition pursuant to an approved Long Range Property Management Plan (LRPMP) are no longer subject to DOF review. [HSC 34179(h)(1)]
- Bond proceed expenditures for pre-2011 bonds require only approval by the Oversight Board and not the DOF. [HSC 34191.4(c)(1)(A)]
- The Countywide Oversight Board shall be staffed by the county Auditor-Controller (AC), or designee, with associated costs recovered through RPTTF. [HSC 34179(j)]
- The Countywide Oversight Board will cease to exist when all Successor Agencies within the county have been dissolved pursuant to Section 34187. [HSC 34179(m)]

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Parties Involved

The following are the parties involved in the wind-down of the Successor Agencies activities:

- Successor Agencies (SAs):
 - City of Lompoc
 - City of Goleta
 - City of Guadalupe
 - City of Santa Barbara
 - City of Santa Maria
 - County of Santa Barbara (Isla Vista)
- Santa Barbara Countywide Oversight Board
 - Auditor Controller - SBCOB staffing and property tax allocation
 - Clerk of the Board - SBCOB clerking services
- Department of Finance

Successor Agencies Responsibilities

- Continue to complete and file annual ROPS to the SBCOB
- Continue to complete and file Prior Period Adjustments with Auditor-Controller
- Continue to maintain website reporting SA activities (as if still under old OB)
- Continue to provide data as requested by SBCOB or DOF
- Continue to wind down SA affairs under oversight of SBCOB

Items Requiring SBCOB Approval

Items requiring SBCOB approval include, but are not limited to:

- Annual ROPS – approving payments for outstanding obligations.
- Modifications to the LRPMP – only for properties that remain with the Successor Agency.
- Bond refunding or refinancing.
- Amendments to the annual ROPS.
- Property disposition that does not adhere to the LRPMP.
- Last and Final ROPS and/or any amendments to the Last and Final ROPS.
- Operational Loans
- Request to formally dissolve the Successor Agency.

Note: ROPS Prior Period Adjustments (True-ups) do not require Countywide Oversight Board action.

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Key Date and Deadlines

The following are key dates and deadlines related to the dissolution of Successor Agencies:

- | | |
|--|--|
| Feb. 1, 2016 and each Feb. 1 thereafter: | Successor Agencies must submit an Oversight Board approved ROPS to the DOF and the AC |
| Oct. 1, 2016 and each Oct.1 thereafter: | Successor Agencies may submit one amendment to the ROPS |
| Oct. 1, 2018 and each Oct.1 thereafter: | Successor Agencies must submit report to the AC noting difference between actual payments and past estimates on the DOF approved annual ROPS |
| Feb. 1, 2019 and each Feb. 1 thereafter: | The AC provides the DOF a review of reports noting difference between actual payments and past estimates on the DOF approved annual ROPS |

Meetings

The Countywide Oversight Board will adopt the annual meeting schedule at its first meeting and subsequently each year.

The tentative meeting dates have been scheduled through September 2019 (Exhibit A).

- Annual Meetings

Due to the required Annual ROPS submittal to DOF by February 1st, SBCOB meetings have been scheduled in the month of January.

Due to the required Amended ROPS submittal to DOF by October 1st, SBCOB meetings have been scheduled in the month of September.

- Special Meetings

Successor Agencies can request Special Meetings to bring items to the SBCOB that require board action.

Successor Agencies should notify the SBCOB staff 30 days prior to the date action is required via email at SBCOversightBoardStaff@co.santa-barbara.ca.us. Use the following subject: Request SBCOB Meeting (Date) - Success Agency Name.

Should the SBCOB staff not be notified by any Successor Agency of their intent to bring an item before the SBCOB at least 8 working days in advance of the next scheduled SBCOB meeting, the scheduled meeting will be cancelled.

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Scheduled SBCOB Meetings

Date	Time	Location	Purpose
7/31/2018	1:30 PM	Board of Supervisors Conference Room 105 East Anapamu Street, 4th Floor Santa Barbara, CA	Administrative Meeting Only
9/13/2018	1:30 PM	Board of Supervisors Conference Room 105 East Anapamu Street, 4th Floor Santa Barbara, CA	Amended ROPS Reviews Last & Final ROPS Reviews
1/24/2019	1:30 PM	Board of Supervisors Conference Room 105 East Anapamu Street, 4th Floor Santa Barbara, CA	Annual ROPS Reviews
9/12/2019	1:30 PM	Board of Supervisors Conference Room 105 East Anapamu Street, 4th Floor Santa Barbara, CA	Annual ROPS Reviews

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Board Agenda Item (BAI)

Successor Agencies wishing to bring an item before the SBCOB will be required to prepare a Board Agenda Item (BAI). Utilizing the BAI template format will allow the SBCOB staff and Secretary to process Successor Agency items quickly and easily.

Instructions

- **First Page Header:** Template header may not be modified
- **For Agenda:** Enter Date of Meeting & Select Consent or Board Action Required
- **Date/From/Subject:** Abbreviations should not be utilized in any of these fields.
- **Recommendations:** Abbreviations should not be utilized in this section. Numbering is not required if only one recommendation.
- **Background Information:** Abbreviations *may* be used in this section by using the full name of the term to be abbreviated followed by the abbreviation in parenthesis. The abbreviation may then be utilized from this point forward in the remainder of the document.
- **Discussion:** Abbreviations *may* be used in this section by using the full name of the term to be abbreviated followed by the abbreviation in parenthesis. The abbreviation may then be utilized from this point forward in the remainder of the document.
- **Attachments:** All attachments should be listed in this section.

Process

The process for bringing a Successor Agency item before the SBCOB is as follows:

1. Notify the SBCOB staff 30 days prior to the scheduled meeting to indicate the Successor Agency will bring an item to the Board via email at SBCOversightBoardStaff@co.santa-barbara.ca.us. Use the following subject: SBCOB Meeting (Date) - Success Agency Name Board Agenda Item.
2. Fifteen (15) days prior to the meeting date, the Successor Agency is required to provide the Board Agenda Item (BAI) and all required attachments (Resolutions, reports, etc.) to SBCOversightBoardStaff@co.santa-barbara.ca.us.
3. Legal Counsel and SBCOB staff will review the BAI and any attachments and either approve or request Successor Agency to include recommended changes, etc.
4. Once BAI and attachments are approved, SBCOB staff will send the BAI and attachments to the Secretary for processing which includes posting on the SBCOB website.
5. The Secretary will distribute the BAI and attachments to the Board.

The turn-around time for this process is two (2) weeks with exception of the executed items pertaining to the annual ROPS prior to the February 1st deadline.

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Template

Santa Barbara Countywide Oversight Board

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BOARD AGENDA ITEM

FOR AGENDA: _____

Consent Board Action Required

DATE:

TO: MEMBERS OF THE COUNTYWIDE OVERSIGHT BOARD

FROM:

SUBJECT:

RECOMMENDATION(S):

BACKGROUND INFORMATION:

DISCUSSION:

ATTACHMENT(S):

Members: Jessica Blazer Jeff Frapwell Craig Geyer Luke Rioux Carolle Van Sande Conrad Tedeschi

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Resources

For additional information visit the Santa Barbara Countywide Oversight Board website at SBCOversightBoard.org.

Auditor Controller's Office

Advanced Accounting Division
105 E Anapamu St, Room 301
Santa Barbara, CA 93102
Phone 805.568.2100
Fax 805.568.2016
SBCOversightBoardStaff@co.santa-barbara.ca.us

Clerk of the Board

105 E. Anapamu Street, Room 407
Santa Barbara CA, 93101
Phone 805.568.2240
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sbcob@co.santa-barbara.ca.us

DOF Countywide Oversight Boards

<http://www.dof.ca.gov/Programs/Redevelopment/>